

UNIFIED SCHOOL DISTRICT NUMBER 408
MARION, KANSAS

SPECIAL FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2010

**Unified School District Number 408
Marion, Kansas**

Fiscal Year Ended June 30, 2010

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Unified School District Number 408
Marion, Kansas 66861

We have audited the accompanying financial statements of Unified School District Number 408 Marion, Kansas, as of and for the year ended June 30, 2010. These financial statements are the responsibility of the School District's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year partial (and summarized) comparative information has been derived from the District's 2009 financial statements and, in our report dated October 6, 2009, we expressed on unqualified opinion on the financial statements taken as a whole.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the comptroller General of the United States, and the *Kansas Municipal Audit Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the District prepared these financial statements in conformity with accounting practices prescribed by the State of Kansas to demonstrate compliance with cash basis and budget laws of the State of Kansas which practices differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District as of June 30, 2010, or the changes in its financial position for the year then ended.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of the District as of June 30, 2010, and its cash receipts and expenditures, and budgetary comparisons for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2010 on our consideration of the Unified School District Number 408's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Unified School District Number 408, Marion, Kansas' financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is not a required part of the financial statements of Unified School District Number 408, Marion, Kansas. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole, on the basis of accounting described in Note 1.

Swindoll, Janzen, Hawk & Loyd, LLC

Certified Public Accountants

August 31, 2010

Unified School District Number 408
Marion, Kansas

SUMMARY OF CASH RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH
For the Year Ended June 30, 2010

	<u>Beginning Unencumbered Cash Balance</u>	<u>Cash Receipts</u>	<u>Expenditures</u>	<u>Ending Unencumbered Cash Balance</u>	<u>Outstanding Encumbrances and Accounts Payable</u>	<u>Ending Cash Balance</u>
GOVERNMENTAL FUND TYPES:						
GENERAL FUNDS						
General	\$ (426,530.35)	\$ 4,670,132.81	\$ 4,510,692.00	\$ (267,089.54)	\$ 51,932.10	\$ (215,157.44)
Supplemental General	(59,336.04)	977,585.44	1,000,000.00	(81,750.60)	3,402.27	(78,348.33)
SPECIAL REVENUE FUNDS						
At Risk (K-12)	-	375,000.00	375,000.00	-	-	-
Capital Outlay	447,521.83	51,711.13	96,304.23	402,928.73	-	402,928.73
Driver Training	19,781.98	6,500.00	12,925.29	13,356.69	-	13,356.69
Food Service	17,213.04	383,099.90	380,092.39	20,220.55	-	20,220.55
Parent Education	-	7,508.00	7,508.00	-	-	-
Professional Development	8,267.98	-	7,665.28	602.70	-	602.70
Special Education	240,246.40	1,020,517.20	966,056.21	294,707.39	-	294,707.39
Vocational Education	1,923.02	183,855.20	184,367.22	1,411.00	13,796.46	15,207.46
KPERS Special Retirement Contribution	-	114,202.05	230,443.45	(116,241.40)	-	(116,241.40)
Contingency Reserve	150,505.00	-	-	150,505.00	-	150,505.00
Textbook and Student Materials Revolving	10,006.47	12,610.79	7,722.52	14,894.74	3,435.66	18,330.40
Title I	-	85,484.00	85,484.00	-	-	-
Title II Ed Tech	-	718.00	718.00	-	-	-
Title II-A Teacher Quality	-	26,308.00	26,308.00	-	-	-
Title IV-Drug Free Schools	-	1,887.00	1,887.00	-	-	-
Grants	1,669.47	73,332.00	73,628.00	1,373.47	24,607.28	25,980.75
Gate Receipts	8,122.25	38,902.93	37,206.47	9,818.71	-	9,818.71
School Projects	60.00	6,482.60	6,542.60	-	-	-
DEBT SERVICE FUND						
Bond and Interest	626,609.66	651,687.53	604,043.16	674,254.03	-	674,254.03
PERMANENT FUNDS						
Pippin Scholarship	21,700.06	443.88	705.00	21,438.94	-	21,438.94
Darrow Scholarship	10,794.46	230.29	350.00	10,674.75	-	10,674.75
Hett Scholarship	18,150.23	215.50	600.00	17,765.73	-	17,765.73
MHS Alumni Scholarship	8,146.90	78.80	300.00	7,925.70	-	7,925.70
Fruechting Memorial Scholarship	65,417.95	679.66	2,000.00	64,097.61	-	64,097.61
FIDUCIARY FUND TYPES:						
PRIVATE PURPOSE TRUST FUNDS						
Doug Regier Scholarship	431.57	-	431.57	-	-	-
MHS Coaches Scholarship	13,716.60	4,184.50	1,829.34	16,071.76	-	16,071.76
Stephen Bowers Scholarship	73.12	500.52	500.00	73.64	-	73.64
Total (Excluding Agency Funds)	\$ 1,184,491.60	\$ 8,693,857.73	\$ 8,621,309.73	\$ 1,257,039.60	\$ 97,173.77	\$ 1,354,213.37

Unified School District Number 408
Marion, Kansas

SUMMARY OF CASH RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH
For the Year Ended June 30, 2010

	<u>Ending Cash Balance</u>
COMPOSITION OF CASH	
Tampa State Bank - Now Account	\$ 1,087,851.35
The Central - Performance Checking	3,823.40
The Central - Darrow Scholarship	674.75
The Central - Hett Scholarship	165.73
The Central - Pippen Scholarship	945.14
The Central - Fruechting Memorial Scholarship	15,359.38
The Central - MHS Coaches Scholarship	16,071.76
The Central - Alumni Scholarship	7,925.70
The Central - Steven Bowers Scholarship	73.64
Marion National Bank - NOW account	160,093.89
The Central - High School Activities Account	24,874.80
Tampa State Bank - Middle School Activities Account	5,070.48
The Central - Pippen Scholarship Certificate of Deposit	20,493.80
The Central - Darrow Scholarship Certificate of Deposit	10,000.00
The Central - Hett Scholarship Certificate of Deposit	17,600.00
The Central - Fruechting Memorial Scholarship Certificates of Deposit	<u>48,738.23</u>
Total Cash	1,419,762.05
Agency Funds per Statement 4	<u>(65,548.68)</u>
Total (Excluding Agency Funds)	<u>\$ 1,354,213.37</u>

Unified School District Number 408
Marion, Kansas

SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET
(Budgeted Funds Only)
For the Year Ended June 30, 2010

	<u>Certified Budget</u>	<u>Adjustments to Comply with Legal Max</u>	<u>Adjustments for Qualifying Budget Credits</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Variance Favorable (Unfavorable)</u>
GOVERNMENTAL FUND TYPES:						
GENERAL FUNDS						
General	\$ 4,807,255.00	\$ (296,563.00)	\$ -	\$ 4,510,692.00	\$ 4,510,692.00	\$ -
Supplemental General	1,000,000.00	-	-	1,000,000.00	1,000,000.00	-
SPECIAL REVENUE FUNDS:						
At Risk (K-12)	375,000.00	-	-	375,000.00	375,000.00	-
Capital Outlay	596,904.00	-	-	596,904.00	96,304.23	500,599.77
Driver Training	27,282.00	-	-	27,282.00	12,925.29	14,356.71
Food Service	454,751.00	-	-	454,751.00	380,092.39	74,658.61
Parent Education	7,508.00	-	-	7,508.00	7,508.00	-
Professional Development	28,268.00	-	-	28,268.00	7,665.28	20,602.72
Special Education	1,290,246.00	-	-	1,290,246.00	966,056.21	324,189.79
Vocational Education	238,500.00	-	-	238,500.00	184,367.22	54,132.78
KPERs Contribution	268,424.00	-	-	268,424.00	230,443.45	37,980.55
DEBT SERVICE FUND:						
Bond and Interest	604,293.00	-	-	604,293.00	604,043.16	249.84
	<u>\$ 9,698,431.00</u>	<u>\$ (296,563.00)</u>	<u>\$ -</u>	<u>\$ 9,401,868.00</u>	<u>\$ 8,375,097.23</u>	<u>\$ 1,026,770.77</u>

Unified School District Number 408
Marion, Kansas

GENERAL FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended June 30, 2010

(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

		<u>2010</u>		
	<u>2009</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
	<u>Actual</u>			<u>Favorable</u>
				<u>(Unfavorable)</u>
Cash Receipts:				
Taxes and Shared Revenue -				
Ad valorem property				
Prior year	\$ 23,542.56	\$ 15,958.37	\$ 22,230.00	\$ (6,271.63)
Current year	456,157.06	462,262.86	439,067.00	23,195.86
Delinquent tax	6,320.25	5,053.67	7,402.00	(2,348.33)
Motor vehicle tax	15.12	-	-	-
Recreational vehicle tax	30.93	55.04	-	55.04
Flood control - reservoir	468.36	468.36	-	468.36
Mineral production tax	1,154.96	466.42	-	466.42
Machinery & equipment	3,575.09	23.09	-	23.09
State aid	3,728,953.00	3,169,208.00	3,428,870.00	(259,662.00)
Special education - state aid	576,512.00	804,952.00	854,151.00	(49,199.00)
Federal aid - ARRA	-	211,685.00	211,685.00	-
Total Cash Receipts	<u>4,796,729.33</u>	<u>4,670,132.81</u>	<u>\$ 4,963,405.00</u>	<u>\$ (293,272.19)</u>
Expenditures:				
Instruction -				
Certified salaries	1,180,752.69	862,610.08	\$ 1,000,865.00	\$ 138,254.92
Certified salaries - ARRA	-	154,308.64	-	(154,308.64)
Non-certified salaries	118,787.63	45,715.10	105,000.00	59,284.90
Insurance	56,648.00	52,728.00	60,000.00	7,272.00
Social Security	121,691.29	94,420.66	120,000.00	25,579.34
Other employee benefits	24,037.35	40,182.91	28,000.00	(12,182.91)
Purchased professional services	68,995.80	71,680.73	65,000.00	(6,680.73)
Other purchased services	-	30.50	500.00	469.50
General teaching supplies	45,586.38	33,962.90	50,000.00	16,037.10
Textbooks	22,983.41	29,543.06	10,000.00	(19,543.06)
Equipment and furniture	46,662.50	-	-	-
Other	108,350.44	102,921.39	100,000.00	(2,921.39)
Student Support Services -				
Certified salaries	103,483.50	104,014.50	105,000.00	985.50
Non-certified salaries	28,148.70	25,252.00	30,000.00	4,748.00
Insurance	1,284.80	874.26	5,000.00	4,125.74
Social Security	8,719.31	8,698.11	10,000.00	1,301.89
Other employee benefits	108.72	108.51	500.00	391.49
Purchased professional services	11,258.60	10,036.13	12,000.00	1,963.87
Supplies	203.65	1,036.73	500.00	(536.73)

The notes to the financial statements are an integral part of this statement.

Unified School District Number 408
Marion, Kansas

GENERAL FUND (cont.)

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended June 30, 2010

(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

		2010		Variance Favorable (Unfavorable)
	2009 Actual	Actual	Budget	
Expenditures (cont.)				
Instruction Support Staff -				
Certified salaries	\$ 13,756.19	\$ 8,743.03	\$ 60,000.00	\$ 51,256.97
Non-certified salaries	86,446.65	85,937.01	40,000.00	(45,937.01)
Insurance	338.00	-	5,000.00	5,000.00
Social Security	5,826.32	5,479.71	8,000.00	2,520.29
Other employee benefits	72.37	68.03	2,000.00	1,931.97
Purchased professional services	37,330.00	45,841.60	40,000.00	(5,841.60)
Books and periodicals	9,651.58	9,836.09	10,000.00	163.91
Audio visual and instruction software	2,362.78	2,701.75	2,000.00	(701.75)
General Administration -				
Certified salaries	99,850.00	74,973.01	100,000.00	25,026.99
Certified salaries - ARRA	-	24,990.99	-	(24,990.99)
Non-certified salaries	384.07	324.48	500.00	175.52
Social Security	6,944.57	6,989.96	8,000.00	1,010.04
Other employee benefits	86.74	1,029.94	500.00	(529.94)
Purchased professional services	21,708.52	35,094.25	20,000.00	(15,094.25)
Insurance	4,819.00	5,257.00	8,000.00	2,743.00
Communications	26,226.87	21,630.67	30,000.00	8,369.33
Supplies	1,945.29	64.53	2,000.00	1,935.47
Property, equipment and furniture	-	-	5,000.00	5,000.00
Other general administration	572.88	1,685.89	1,000.00	(685.89)
School Administration -				
Certified salaries	218,202.00	185,958.63	220,000.00	34,041.37
Certified salaries - ARRA	-	32,385.37	-	(32,385.37)
Non-certified salaries	88,775.71	87,554.75	90,000.00	2,445.25
Insurance	12,000.00	12,404.00	12,000.00	(404.00)
Social Security	21,276.33	21,202.81	23,000.00	1,797.19
Other employee benefits	265.56	2,150.73	500.00	(1,650.73)
Other purchased services	2,653.99	2,524.18	4,000.00	1,475.82
Supplies	15,867.03	16,235.83	15,000.00	(1,235.83)
Operations and Maintenance -				
Non-certified salaries	217,067.46	210,105.84	220,000.00	9,894.16
Insurance	32,000.00	36,504.00	32,000.00	(4,504.00)
Social Security	16,393.34	15,672.85	20,000.00	4,327.15
Other employee benefits	10,093.49	9,082.57	10,000.00	917.43
Purchased professional services	11,115.95	13,489.78	12,000.00	(1,489.78)
Water/sewer	11,423.25	12,285.64	14,250.00	1,964.36
Repairs and maintenance	3,768.92	1,474.15	5,000.00	3,525.85
Rentals	3,600.00	-	3,000.00	3,000.00

The notes to the financial statements are an integral part of this statement.

Unified School District Number 408
Marion, Kansas

GENERAL FUND (cont.)

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended June 30, 2010

(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

		2010		Variance
	2009	Actual	Budget	Favorable
	Actual			(Unfavorable)
Expenditures (cont.)				
Other purchased property services	\$ 14,888.86	\$ 5,724.50	\$ 15,250.00	\$ 9,525.50
Insurance	40,625.00	45,137.00	50,000.00	4,863.00
General supplies	1,440.64	-	5,000.00	5,000.00
Heating	6,274.09	5,195.17	8,000.00	2,804.83
Electricity	17,327.48	5,335.65	22,000.00	16,664.35
Other operations and maintenance	1,683.28	154.68	4,000.00	3,845.32
Student Transportation Services - Supervision				
Non-certified salaries	27,289.58	20,000.00	30,000.00	10,000.00
Social security	1,967.37	1,440.80	2,000.00	559.20
Other employee benefits	25.20	18.80	500.00	481.20
Other	2,962.02	3,709.13	3,000.00	(709.13)
Vehicle Operating Services -				
Non-certified salaries	63,789.05	63,397.39	70,000.00	6,602.61
Insurance	12,394.00	15,548.00	14,000.00	(1,548.00)
Social security	4,882.99	4,470.16	5,000.00	529.84
Other employee benefits	4,912.96	8,592.76	5,000.00	(3,592.76)
Insurance	9,613.66	10,149.00	12,000.00	1,851.00
Motor Fuel	36,781.02	38,441.21	50,000.00	11,558.79
Equipment	50,610.00	-	10,000.00	10,000.00
Other	7,192.17	14,283.81	10,000.00	(4,283.81)
Vehicle and Maintenance Services -				
Purchased professional services	20,984.16	36,113.64	30,000.00	(6,113.64)
Other purchased services	1,066.53	1,763.73	5,000.00	3,236.27
Community Service Operations	84,987.08	61,589.00	90,000.00	28,411.00
Other Supplemental Service -				
Non-certified salaries	53,375.00	53,900.00	54,000.00	100.00
Insurance	8,000.00	7,436.00	8,000.00	564.00
Social Security	3,856.20	3,904.00	5,000.00	1,096.00
Other employee benefits	48.90	49.46	500.00	450.54
Supplies	4,898.25	6,359.93	5,000.00	(1,359.93)
Property & equipment	399.99	-	1,000.00	1,000.00

Unified School District Number 408
Marion, Kansas

GENERAL FUND (cont.)

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended June 30, 2010

(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	2009 Actual	2010		Variance Favorable (Unfavorable)
		Actual	Budget	
Expenditures (cont.)				
Outgoing Transfers -				
At Risk (K-12)	\$ 350,000.00	\$ 375,000.00	\$ 375,000.00	\$ -
Capital Outlay	206,345.81	-	19,382.00	19,382.00
Food Service	30,000.00	45,000.00	30,000.00	(15,000.00)
Professional Development	1,000.00	-	10,000.00	10,000.00
Parent Education	11,172.00	7,508.00	7,508.00	-
Special Education	827,526.00	862,311.70	890,000.00	27,688.30
Vocational Education	154,273.08	180,355.20	236,000.00	55,644.80
Adjustment to comply with legal max	-	-	(296,563.00)	(296,563.00)
Legal General Fund Budget	4,993,120.00	4,510,692.00	\$ 4,510,692.00	\$ -
Receipts Over (Under) Expenditures	(196,390.67)	159,440.81		
Unencumbered Cash, Beginning	(230,139.68)	(426,530.35)		
Unencumbered Cash, Ending	\$ (426,530.35)	\$ (267,089.54)	*	

* See Note 7 (Statutory Presentation)

Unified School District Number 408
Marion, Kansas

SUPPLEMENTAL GENERAL

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended June 30, 2010

(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

		2010		
	2009			Variance
	Actual	Actual	Budget	Favorable
				(Unfavorable)
Cash Receipts:				
Taxes and Shared Revenue-				
Ad valorem property				
Prior year	\$ 20,364.39	\$ 16,218.21	\$ 21,914.00	\$ (5,695.79)
Current year	392,113.18	413,153.17	385,861.00	27,292.17
Delinquent tax	5,711.05	4,843.00	6,406.00	(1,563.00)
Motor vehicle tax	36,394.83	52,198.84	54,400.00	(2,201.16)
Recreational vehicle tax	906.44	1,210.40	1,255.00	(44.60)
State aid	386,950.00	363,205.00	500,850.00	(137,645.00)
Federal aid - ARRA	-	126,737.00	-	126,737.00
Machinery & equipment	3,194.79	19.82	-	19.82
Total Cash Receipts	845,634.68	977,585.44	\$ 970,686.00	\$ 6,899.44
Expenditures:				
Instruction -				
Certified salaries	320,216.95	373,233.00	\$ 350,000.00	\$ (23,233.00)
Certified salaries - ARRA	-	126,767.00	-	(126,767.00)
Insurance	20,000.00	20,000.00	20,000.00	-
Textbooks	-	-	25,000.00	25,000.00
Property	60,923.35	48,342.62	60,000.00	11,657.38
Operations & Maintenance -				
Repair of buildings	86,136.77	63,509.16	100,000.00	36,490.84
General supplies	33,440.37	52,424.88	30,000.00	(22,424.88)
Heating	57,015.52	46,864.75	70,000.00	23,135.25
Electricity	67,267.04	77,148.34	90,000.00	12,851.66
Property	-	8,504.75	20,000.00	11,495.25
Outgoing Transfers -				
Food Service	25,000.00	25,000.00	25,000.00	-
Professional Development	10,000.00	-	10,000.00	10,000.00
Special Ed	220,000.00	158,205.50	200,000.00	41,794.50
Total Expenditures	900,000.00	1,000,000.00	\$1,000,000.00	\$ -
Receipts Over (Under) Expenditures	(54,365.32)	(22,414.56)		
Unencumbered Cash, Beginning	(4,970.72)	(59,336.04)		
Unencumbered Cash, Ending	\$ (59,336.04)	\$ (81,750.60) *		

* See Note 7 (Statutory Presentation)

The notes to the financial statements are an integral part of this statement.

Unified School District Number 408
Marion, Kansas

AT RISK (K-12)

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended June 30, 2010

(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

		2010		
	2009			Variance
	Actual	Actual	Budget	Favorable
				(Unfavorable)
Cash Receipts:				
Transfer from General Fund	\$ 350,000.00	\$ 375,000.00	\$ 375,000.00	\$ -
Transfer from Summer School Fund	35,110.00	-	-	-
Total Receipts	385,110.00	375,000.00	\$ 375,000.00	\$ -
Expenditures:				
Instruction -				
Certified salaries	385,110.00	280,000.00	\$ 280,000.00	\$ -
Non certified salaries	-	75,000.00	75,000.00	-
Social Security	-	20,000.00	20,000.00	-
Total Expenditures	385,110.00	375,000.00	\$ 375,000.00	\$ -
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	\$ -	\$ -		

**Unified School District Number 408
Marion, Kansas**

CAPITAL OUTLAY

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended June 30, 2010

(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

		2010		Variance Favorable (Unfavorable)
	2009 Actual	Actual	Budget	
Cash Receipts:				
Taxes and Shared Revenue -				
Interest on idle funds	\$ 21,018.49	\$ 13,063.71	\$ 30,000.00	\$ (16,936.29)
Other local source revenue	185,488.33	38,647.42	100,000.00	(61,352.58)
Transfer from General Fund	206,345.81	-	19,382.00	(19,382.00)
Total Cash Receipts	<u>412,852.63</u>	<u>51,711.13</u>	<u>\$ 149,382.00</u>	<u>\$ (97,670.87)</u>
Expenditures:				
Instruction property	17,550.26	649.83	\$ 100,000.00	\$ 99,350.17
Operation and maintenance property	3,135.20	570.00	10,000.00	9,430.00
Architectural and engineering services	8,934.11	-	15,000.00	15,000.00
New building	170,645.40	95,084.40	80,000.00	(15,084.40)
Building improvements	13,881.25	-	391,904.00	391,904.00
Total Expenditures	<u>214,146.22</u>	<u>96,304.23</u>	<u>\$ 596,904.00</u>	<u>\$ 500,599.77</u>
Receipts Over (Under) Expenditures	198,706.41	(44,593.10)		
Unencumbered Cash, Beginning	<u>248,815.42</u>	<u>447,521.83</u>		
Unencumbered Cash, Ending	<u>\$ 447,521.83</u>	<u>\$ 402,928.73</u>		

Unified School District Number 408
Marion, Kansas

DRIVER TRAINING

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended June 30, 2010

(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

		2010		
	2009 Actual	Actual	Budget	Variance Favorable (Unfavorable)
Cash Receipts:				
Other local source revenue	\$ 5,000.00	\$ 4,100.00	\$ 5,000.00	\$ (900.00)
State aid	1,102.00	2,400.00	2,500.00	(100.00)
Total Cash Receipts	<u>6,102.00</u>	<u>6,500.00</u>	<u>\$ 7,500.00</u>	<u>\$ (1,000.00)</u>
Expenditures:				
Instruction -				
Certified salaries	2,926.25	11,102.61	\$ 25,000.00	\$ 13,897.39
Social Security	223.87	848.33	1,232.00	383.67
Other employee benefits	2.92	843.35	50.00	(793.35)
Supplies - general	131.00	131.00	1,000.00	869.00
Total Expenditures	<u>3,284.04</u>	<u>12,925.29</u>	<u>\$ 27,282.00</u>	<u>\$ 14,356.71</u>
Receipts Over (Under) Expenditures	2,817.96	(6,425.29)		
Unencumbered Cash, Beginning	<u>16,964.02</u>	<u>19,781.98</u>		
Unencumbered Cash, Ending	<u>\$ 19,781.98</u>	<u>\$ 13,356.69</u>		

Unified School District Number 408
Marion, Kansas

FOOD SERVICE

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended June 30, 2010

(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

		2010		Variance
	2009	Actual	Budget	Favorable
	Actual			(Unfavorable)
Cash Receipts:				
Student sales	\$ 139,403.88	\$ 117,127.13	\$ 115,250.00	\$ 1,877.13
Student sales - breakfast	-	-	24,150.00	(24,150.00)
Adult sales and ala carte	22,016.83	18,076.60	26,000.00	(7,923.40)
Other revenue	24,088.72	19,164.98	27,642.00	(8,477.02)
State aid	3,603.96	3,280.55	4,590.00	(1,309.45)
Federal aid	150,931.46	155,450.64	184,906.00	(29,455.36)
Transfer from General Fund	30,000.00	45,000.00	30,000.00	15,000.00
Transfer from Supplemental General Fund	25,000.00	25,000.00	25,000.00	-
Total Cash Receipts	395,044.85	383,099.90	\$ 437,538.00	\$ (54,438.10)
Expenditures:				
Operations and Maintenance -				
Other energy	1,848.00	-	\$ 2,000.00	\$ 2,000.00
Food Service Operation -				
Non-certified salaries	98,133.27	98,181.37	100,000.00	1,818.63
Insurance	20,000.00	16,224.00	20,000.00	3,776.00
Social Security	7,352.71	7,358.55	10,000.00	2,641.45
Other employee benefits	4,473.70	2,001.80	5,000.00	2,998.20
Food and milk	253,989.27	240,140.46	295,751.00	55,610.54
Miscellaneous supplies	1,583.69	312.87	2,000.00	1,687.13
Property, equipment and furniture	-	2,109.77	5,000.00	2,890.23
Other food service operations	12,318.49	13,763.57	15,000.00	1,236.43
Total Expenditures	399,699.13	380,092.39	\$ 454,751.00	\$ 74,658.61
Receipts Over (Under) Expenditures	(4,654.28)	3,007.51		
Unencumbered Cash, Beginning	21,867.32	17,213.04		
Unencumbered Cash, Ending	\$ 17,213.04	\$ 20,220.55		

Unified School District Number 408
Marion, Kansas

PARENT EDUCATION

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended June 30, 2010

(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

		<u>2010</u>		
	<u>2009</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
	<u>Actual</u>			<u>Favorable</u>
				<u>(Unfavorable)</u>
Cash Receipts:				
Transfer from General Fund	\$ 11,172.00	\$ 7,508.00	\$ 7,508.00	\$ -
Expenditures:				
Purchased professional services	11,172.00	7,508.00	\$ 7,508.00	\$ -
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	\$ -	\$ -		

Unified School District Number 408
Marion, Kansas

PROFESSIONAL DEVELOPMENT

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended June 30, 2010

(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

		2010		Variance
	2009 Actual	Actual	Budget	Favorable (Unfavorable)
Cash Receipts:				
State aid	\$ 2,152.00	\$ -	\$ -	\$ -
Transfer from General Fund	1,000.00	-	10,000.00	(10,000.00)
Transfer from Supplemental General Fund	10,000.00	-	10,000.00	(10,000.00)
Total Cash Receipts	13,152.00	-	\$ 20,000.00	\$ (20,000.00)
Expenditures:				
Certified salaries	3,493.00	-	\$ 10,000.00	\$ 10,000.00
Purchased professional services	11,535.86	6,649.50	15,268.00	8,618.50
Other	631.82	1,015.78	3,000.00	1,984.22
Support staff	650.00	-	-	-
Total Expenditures	16,310.68	7,665.28	\$ 28,268.00	\$ 20,602.72
Receipts Over (Under) Expenditures	(3,158.68)	(7,665.28)		
Unencumbered Cash, Beginning	11,426.66	8,267.98		
Unencumbered Cash, Ending	\$ 8,267.98	\$ 602.70		

Unified School District Number 408
Marion, Kansas

SPECIAL EDUCATION

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended June 30, 2010

(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

		<u>2010</u>		<u>Variance</u>
	<u>2009</u>	<u>Actual</u>	<u>Budget</u>	<u>Favorable</u>
	<u>Actual</u>			<u>(Unfavorable)</u>
Cash Receipts:				
Transfer from General Fund	\$ 827,526.00	\$ 862,311.70	\$ 850,000.00	\$ 12,311.70
Transfer from Supplemental General Fund	220,000.00	158,205.50	200,000.00	(41,794.50)
Total Cash Receipts	1,047,526.00	1,020,517.20	\$ 1,050,000.00	\$ (29,482.80)
Expenditures:				
Instruction -				
Tuition	-	-	\$ 9,000.00	\$ 9,000.00
Payment to Special Education Coop	303,685.00	316,325.00	375,000.00	58,675.00
Payment to Sp Ed Coop (Flowthrough)	705,608.00	632,884.00	850,000.00	217,116.00
Vehicle Operating Service -				
Non-certified salaries	14,429.41	11,026.41	25,000.00	13,973.59
Social Security	1,070.10	813.33	2,000.00	1,186.67
Other employee benefits	1,078.77	10.47	2,000.00	1,989.53
Contract bus services	-	24.00	5,000.00	4,976.00
Insurance	1,463.35	1,149.00	2,246.00	1,097.00
Motor fuel	9,406.70	3,824.00	20,000.00	16,176.00
Total Expenditures	1,036,741.33	966,056.21	\$ 1,290,246.00	\$ 324,189.79
Receipts Over (Under) Expenditures	10,784.67	54,460.99		
Unencumbered Cash, Beginning	229,461.73	240,246.40		
Unencumbered Cash, Ending	\$ 240,246.40	\$ 294,707.39		

Unified School District Number 408
Marion, Kansas

SUMMER SCHOOL

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended June 30, 2010

(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

		<u>2010</u>		
	<u>2009</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
	<u>Actual</u>			<u>Favorable</u>
				<u>(Unfavorable)</u>
Cash Receipts:				
Transfer from General Fund	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Transfer to At Risk (K-12) Fund	<u>35,110.00</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Receipts Over (Under) Expenditures	(35,110.00)	-		
Unencumbered Cash, Beginning	<u>35,110.00</u>	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>		

Unified School District Number 408
Marion, Kansas

VOCATIONAL EDUCATION

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended June 30, 2010

(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

		<u>2010</u>		
	<u>2009</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
	<u>Actual</u>			<u>Favorable</u>
				<u>(Unfavorable)</u>
Cash Receipts:				
Transfer from General Fund	\$ 154,273.08	\$ 180,355.20	\$ 236,000.00	\$ (55,644.80)
Federal aid	-	3,500.00	-	3,500.00
Miscellaneous revenue	1,613.50	-	2,500.00	(2,500.00)
Other revenue local source	1,923.02	-	-	-
Total Receipts	157,809.60	183,855.20	\$ 238,500.00	\$ (54,644.80)
Expenditures:				
Instruction -				
Certified salaries	122,362.04	152,255.30	\$ 200,000.00	\$ 47,744.70
Social Security	8,209.45	10,269.53	10,000.00	(269.53)
Other employee benefits	102.38	128.20	500.00	371.80
General teaching supplies	7,993.71	4,760.93	8,000.00	3,239.07
Property and equipment	17,219.00	16,953.26	20,000.00	3,046.74
Total Expenditures	155,886.58	184,367.22	\$ 238,500.00	\$ 54,132.78
Receipts Over (Under) Expenditures	1,923.02	(512.02)		
Unencumbered Cash, Beginning	-	1,923.02		
Unencumbered Cash, Ending	\$ 1,923.02	\$ 1,411.00		

Unified School District Number 408
Marion, Kansas

KPERS SPECIAL RETIREMENT CONTRIBUTION

STATEMENT OF CASH RECEIPTS AND EXPENDITURES

For the Year Ended June 30, 2010

(With Comparative Actual totals for the Prior Year Ended June 30, 2008)

		2010		Variance
	2009 Actual	Actual	Budget	Favorable (Unfavorable)
Cash Receipts:				
State Sources - KPERS	\$ 227,478.04	\$ 114,202.05	\$ 268,424.00	\$ (154,221.95)
Expenditures:				
Employee Benefits -				
Instruction	147,860.71	149,788.25	\$ 174,476.00	\$ 24,687.75
Student Support	4,549.57	4,608.86	5,368.00	759.14
Instructional Support	11,373.90	11,522.17	13,421.00	1,898.83
General Administration	11,373.90	11,522.17	13,421.00	1,898.83
School Administration	18,198.24	18,435.48	21,474.00	3,038.52
Operations & Maintenance	15,923.47	16,131.04	18,790.00	2,658.96
Student Transportation Services	11,373.90	11,522.17	13,421.00	1,898.83
Food Service	6,824.35	6,913.31	8,053.00	1,139.69
Total Expenditures	227,478.04	230,443.45	\$ 268,424.00	\$ 37,980.55
Receipts Over (Under) Expenditures	-	(116,241.40)		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	\$ -	\$ (116,241.40)		

Unified School District Number 408
Marion, Kansas

CONTINGENCY RESERVE

STATEMENT OF CASH RECEIPTS AND EXPENDITURES

For the Year Ended June 30, 2010

(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	<u>2009 Actual</u>	<u>2010 Actual</u>
Cash Receipts:		
Transfer from General Fund	\$ -	\$ -
Expenditures:		
Vehicle replacement	<u>-</u>	<u>-</u>
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	<u>150,505.00</u>	<u>150,505.00</u>
Unencumbered Cash, Ending	<u>\$ 150,505.00</u>	<u>\$ 150,505.00</u>

Unified School District Number 408
Marion, Kansas

TEXTBOOK AND STUDENT MATERIALS REVOLVING

STATEMENT OF CASH RECEIPTS AND EXPENDITURES

For the Year Ended June 30, 2010

(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	<u>2009 Actual</u>	<u>2010 Actual</u>
Cash Receipts:		
Fees and material sales	\$ 11,296.24	\$ 12,610.79
Expenditures:		
Materials and supplies	<u>17,225.28</u>	<u>7,722.52</u>
Receipts Over (Under) Expenditures	(5,929.04)	4,888.27
Unencumbered Cash, Beginning	<u>15,935.51</u>	<u>10,006.47</u>
Unencumbered Cash, Ending	<u>\$ 10,006.47</u>	<u>\$ 14,894.74</u>

Unified School District Number 408
Marion, Kansas

TITLE I

STATEMENT OF CASH RECEIPTS AND EXPENDITURES
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	<u>2009 Actual</u>	<u>2010 Actual</u>
Cash Receipts:		
Federal grant	\$ 84,978.00	\$ 85,484.00
Expenditures:		
Certified salaries	79,346.15	79,706.25
Classified salaries	-	218.20
Social Security	5,562.20	5,491.38
Employee benefits	69.65	68.17
Total Expenditures	<u>84,978.00</u>	<u>85,484.00</u>
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>

Unified School District Number 408
Marion, Kansas

TITLE II ED TECH

STATEMENT OF CASH RECEIPTS AND EXPENDITURES
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	<u>2009 Actual</u>	<u>2010 Actual</u>
Cash Receipts:		
Federal grant	<u>\$ 812.00</u>	<u>\$ 718.00</u>
Expenditures:		
Certified salaries	-	718.00
Equipment and guidance	<u>812.00</u>	<u>-</u>
Total Expenditures	<u>812.00</u>	<u>718.00</u>
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>

Unified School District Number 408
Marion, Kansas

TITLE II-A TEACHER QUALITY

STATEMENT OF CASH RECEIPTS AND EXPENDITURES

For the Year Ended June 30, 2010

(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	<u>2009 Actual</u>	<u>2010 Actual</u>
Cash Receipts:		
Federal aid	\$ 26,055.00	\$ 26,308.00
Expenditures:		
Instruction -		
Certified salaries	<u>26,055.00</u>	<u>26,308.00</u>
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>

Unified School District Number 408
Marion, Kansas

TITLE IV-DRUG FREE SCHOOLS

STATEMENT OF CASH RECEIPTS AND EXPENDITURES

For the Year Ended June 30, 2010

(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	<u>2009 Actual</u>	<u>2010 Actual</u>
Cash Receipts:		
Federal aid	\$ 1,878.00	\$ 1,887.00
Expenditures:		
Instruction -		
Other	<u>1,878.00</u>	<u>1,887.00</u>
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>

Unified School District Number 408
Marion, Kansas

GRANTS

STATEMENT OF CASH RECEIPTS AND EXPENDITURES

For the Year Ended June 30, 2010

(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	<u>2009</u> <u>Actual</u>	<u>2010</u> <u>Actual</u>
Cash Receipts:		
Grants	\$ 27,423.47	\$ 73,332.00
Expenditures	<u>25,954.00</u>	<u>73,628.00</u>
Receipts Over (Under) Expenditures	1,469.47	(296.00)
Unencumbered Cash, Beginning	<u>200.00</u>	<u>1,669.47</u>
Unencumbered Cash, Ending	<u>\$ 1,669.47</u>	<u>\$ 1,373.47</u>

Unified School District Number 408
Marion, Kansas

BOND AND INTEREST

STATEMENT OF CASH RECEIPTS AND EXPENDITURES

For the Year Ended June 30, 2010

(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

		2010		
	2009			Variance
	Actual	Actual	Budget	Favorable
				(Unfavorable)
Cash Receipts:				
Taxes and Shared Revenue -				
Ad valorem property				
Prior year	\$ 16,493.45	\$ 12,391.44	\$ 16,861.00	\$ (4,469.56)
Current year	299,528.28	275,356.03	267,459.00	7,897.03
Delinquent tax	6,010.43	4,272.41	4,895.00	(622.59)
Motor vehicle tax	58,625.87	41,246.17	42,772.00	(1,525.83)
Recreational vehicle tax	1,357.80	954.36	987.00	(32.64)
Machinery & equipment	1,419.41	10.12	-	10.12
State aid	181,838.00	217,457.00	217,545.00	(88.00)
Other local source revenue	100,000.00	100,000.00	100,000.00	-
Total Cash Receipts	<u>665,273.24</u>	<u>651,687.53</u>	<u>\$ 650,519.00</u>	<u>\$ 1,168.53</u>
Expenditures:				
Principal	205,000.00	285,000.00	\$ 285,000.00	\$ -
Interest	329,761.92	319,043.16	319,043.00	(0.16)
Commission	-	-	250.00	250.00
Total Expenditures	<u>534,761.92</u>	<u>604,043.16</u>	<u>\$ 604,293.00</u>	<u>\$ 249.84</u>
Receipts Over (Under) Expenditures	130,511.32	47,644.37		
Unencumbered Cash, Beginning	<u>496,098.34</u>	<u>626,609.66</u>		
Unencumbered Cash, Ending	<u>\$ 626,609.66</u>	<u>\$ 674,254.03</u>		

**Unified School District Number 408
Marion, Kansas**

PIPPIN SCHOLARSHIP

STATEMENT OF CASH RECEIPTS AND EXPENDITURES

For the Year Ended June 30, 2010

(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	<u>2009 Actual</u>	<u>2010 Actual</u>
Cash Receipts:		
Interest	\$ 613.72	\$ 443.88
Expenditures:		
Scholarships awarded	<u>400.00</u>	<u>705.00</u>
Receipts Over (Under) Expenditures	213.72	(261.12)
Unencumbered Cash, Beginning	<u>21,486.34</u>	<u>21,700.06</u>
Unencumbered Cash, Ending	<u>\$ 21,700.06</u>	<u>\$ 21,438.94</u>

Unified School District Number 408
Marion, Kansas

DARROW SCHOLARSHIP

STATEMENT OF CASH RECEIPTS AND EXPENDITURES

For the Year Ended June 30, 2010

(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	<u>2009 Actual</u>	<u>2010 Actual</u>
Cash Receipts:		
Interest	\$ 275.50	\$ 230.29
Expenditures:		
Scholarships awarded	<u>350.00</u>	<u>350.00</u>
Receipts Over (Under) Expenditures	(74.50)	(119.71)
Unencumbered Cash, Beginning	<u>10,868.96</u>	<u>10,794.46</u>
Unencumbered Cash, Ending	<u>\$ 10,794.46</u>	<u>\$ 10,674.75</u>

Unified School District Number 408
Marion, Kansas

HETT SCHOLARSHIP

STATEMENT OF CASH RECEIPTS AND EXPENDITURES
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	<u>2009 Actual</u>	<u>2010 Actual</u>
Cash Receipts:		
Interest	\$ 474.07	\$ 215.50
Expenditures:		
Scholarships awarded	<u>600.00</u>	<u>600.00</u>
Receipts Over (Under) Expenditures	(125.93)	(384.50)
Unencumbered Cash, Beginning	<u>18,276.16</u>	<u>18,150.23</u>
Unencumbered Cash, Ending	<u>\$ 18,150.23</u>	<u>\$ 17,765.73</u>

**Unified School District Number 408
Marion, Kansas**

MHS ALUMNI SCHOLARSHIP

STATEMENT OF CASH RECEIPTS AND EXPENDITURES

For the Year Ended June 30, 2010

(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	<u>2009 Actual</u>	<u>2010 Actual</u>
Cash Receipts:		
Interest	\$ 168.94	\$ 78.80
Expenditures:		
Scholarships awarded	<u>300.00</u>	<u>300.00</u>
Receipts Over (Under) Expenditures	(131.06)	(221.20)
Unencumbered Cash, Beginning	<u>8,277.96</u>	<u>8,146.90</u>
Unencumbered Cash, Ending	<u>\$ 8,146.90</u>	<u>\$ 7,925.70</u>

Unified School District Number 408
Marion, Kansas

FRUECHTING MEMORIAL SCHOLARSHIP

STATEMENT OF CASH RECEIPTS AND EXPENDITURES

For the Year Ended June 30, 2010

(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	<u>2009 Actual</u>	<u>2010 Actual</u>
Cash Receipts:		
Interest	\$ 1,271.63	\$ 679.66
Expenditures:		
Scholarships awarded	<u>2,000.00</u>	<u>2,000.00</u>
Receipts Over (Under) Expenditures	(728.37)	(1,320.34)
Unencumbered Cash, Beginning	<u>66,146.32</u>	<u>65,417.95</u>
Unencumbered Cash, Ending	<u>\$ 65,417.95</u>	<u>\$ 64,097.61</u>

Unified School District Number 408
Marion, Kansas

DOUG REGIER SCHOLARSHIP

STATEMENT OF CASH RECEIPTS AND EXPENDITURES

For the Year Ended June 30, 2010

(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	<u>2009</u> <u>Actual</u>	<u>2010</u> <u>Actual</u>
Cash Receipts:		
Interest	\$ 3.44	\$ -
Expenditures:		
Scholarships awarded	-	416.09
Service charges	15.48	15.48
Total Expenditures	15.48	431.57
Receipts Over (Under) Expenditures	(12.04)	(431.57)
Unencumbered Cash, Beginning	443.61	431.57
Unencumbered Cash, Ending	\$ 431.57	\$ -

Unified School District Number 408
Marion, Kansas

MHS COACHES SCHOLARSHIP

STATEMENT OF CASH RECEIPTS AND EXPENDITURES
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	<u>2009 Actual</u>	<u>2010 Actual</u>
Cash Receipts:		
Donations	\$ -	\$ 4,100.00
Interest	<u>108.67</u>	<u>84.50</u>
Total Cash Receipts	108.67	4,184.50
Expenditures:		
Scholarships awarded	<u>1,583.17</u>	<u>1,829.34</u>
Receipts Over (Under) Expenditures	(1,474.50)	2,355.16
Unencumbered Cash, Beginning	<u>15,191.10</u>	<u>13,716.60</u>
Unencumbered Cash, Ending	<u>\$ 13,716.60</u>	<u>\$ 16,071.76</u>

**Unified School District Number 408
Marion, Kansas**

STEPHEN BOWERS SCHOLARSHIP

STATEMENT OF CASH RECEIPTS AND EXPENDITURES

For the Year Ended June 30, 2010

(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	<u>2009 Actual</u>	<u>2010 Actual</u>
Cash Receipts:		
Donations	\$ 500.00	\$ 500.00
Interest	0.74	0.52
Total Cash Receipts	500.74	500.52
Expenditures:		
Scholarships awarded	500.00	500.00
Receipts Over (Under) Expenditures	0.74	0.52
Unencumbered Cash, Beginning	72.38	73.12
Unencumbered Cash, Ending	\$ 73.12	\$ 73.64

Unified School District Number 408
Marion, Kansas

AGENCY FUNDS

STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS
For the Year Ended June 30, 2010

	<u>Beginning Cash Balance</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Ending Cash Balance</u>
Student Organizations:				
High School:				
Class of 2005	\$ 139.87	\$ -	\$ -	\$ 139.87
Class of 2006	92.20	-	-	92.20
Class of 2007	546.38	-	-	546.38
Class of 2008	230.44	-	-	230.44
Class of 2009	356.56	-	-	356.56
Class of 2010	336.42	3,328.20	3,308.30	356.32
Class of 2011	1,012.03	9,578.83	10,065.02	525.84
Class of 2012	80.00	525.00	-	605.00
Class of 2013	-	535.00	12.38	522.62
Drama	129.05	-	-	129.05
English Trip	-	2,304.50	2,141.57	162.93
FCCLA	1,719.02	3,063.50	2,552.03	2,230.49
FEA	1,632.41	585.76	806.96	1,411.21
Forensics	211.83	1,045.39	850.90	406.32
Future Farmers of America	1,233.83	20,218.43	19,605.69	1,846.57
NHS	623.75	1,977.00	1,702.94	897.81
Instrumental music	270.65	626.00	475.00	421.65
Student Council	967.87	2,695.59	2,765.29	898.17
Vocal music	4,177.99	4,933.54	7,827.03	1,284.50
Weightlifting	2,541.85	7,251.50	8,753.61	1,039.74
Key Club	995.59	912.50	1,394.28	513.81
Subtotal High School	17,492.33	59,663.24	62,341.80	14,813.77
Middle School:				
Student Council	1,178.91	2,495.40	2,612.98	1,061.33
Eighth grade trip	5,338.78	10,225.96	11,555.59	4,009.15
Subtotal Middle School	6,517.69	12,721.36	14,168.57	5,070.48
Total Student Organization Funds	24,010.02	72,384.60	95,452.80	19,884.25
Payroll clearing	45,243.35	7,178.92	7,000.16	45,422.11
Sales tax	699.60	2,077.62	2,534.90	242.32
Total Agency Funds	\$ 69,952.97	\$ 81,641.14	\$ 104,987.86	\$ 65,548.68

The notes to the financial statements are an integral part of this statement.

Unified School District Number 408
Marion, Kansas

DISTRICT ACTIVITY FUNDS

STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS - ACTUAL
For the Year Ended June 30, 2010

	<u>Beginning Cash Balance</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Ending Cash Balance</u>
Gate Receipts:				
High School Athletics	\$ 8,122.25	\$ 38,263.68	\$ 36,567.22	\$ 9,818.71
Middle School Athletics	-	639.25	639.25	-
Total Gate Receipts	<u>\$ 8,122.25</u>	<u>\$ 38,902.93</u>	<u>\$ 37,206.47</u>	<u>\$ 9,818.71</u>
 School Projects:				
Yearbook	<u>\$ 60.00</u>	<u>\$ 6,482.60</u>	<u>\$ 6,542.60</u>	<u>\$ -</u>

UNIFIED SCHOOL DISTRICT NUMBER 408

MARION, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting Entity

Unified School District Number 408 is a municipal corporation governed by an elected seven-member board. These financial statements present Unified School District Number 408, the primary government. There were no component units in the year ended June 30, 2010.

(b) Reimbursed Expenses

The District records reimbursable expenditures (or expense) in the fund that makes the disbursement and records reimbursements as revenue to the fund. For purposes of budgetary comparisons, the expenditures, (or expenses) are properly offset by the reimbursements.

(c) Basis of Presentation - Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for separately. Funds are classified into two categories: governmental and fiduciary. Within each of these two categories there are one or more fund types. The District uses the following fund types:

GOVERNMENTAL FUND TYPES

General Fund - The general fund is used to account for all activities of the general government not accounted for in some other fund.

Special Revenue Funds - Special revenue funds are used to account for the collection and disbursement of monies earmarked for a special purpose.

Debt Service Funds - Debt Service Funds are used to account for the servicing of general long-term debt such as general obligation bonds.

Capital Project Funds - Capital Project Funds are used to account for the source of funds and the use of those funds to be expended on the particular capital project.

Permanent Fund - This fund is used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the District's programs, that is, for the benefit of the District or its citizenry.

FIDUCIARY FUND TYPES

This fund type accounts for assets held by the District as a trustee or agent for others and therefore cannot be used to support the District's own programs.

Private Purpose Trust Funds - These funds are used to report all trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(d) Statutory Basis of Accounting

The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and an expenditure would be charged in the fund from which the transfer is made.

The District has approved a resolution that is in compliance with K.S.A.75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the District to use the statutory basis of accounting.

(e) Departure from Accounting Principles Generally Accepted in the United States of America

The basis of accounting described above results in a financial statement presentation, which shows cash receipts, cash disbursements, cash and unencumbered cash balances and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories and prepaid expenses, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles. Capital assets that account for the land, buildings and equipment owned by the municipality are not presented in the financial statements. Also, long-term debt such as general obligation bonds, revenue bonds, capital leases, temporary notes and compensated absences are not presented in the financial statements.

(f) Budget and Tax Cycle

Kansas statutes require that an annual operating budget be legally adopted for the General Fund, Special Revenue Funds (unless specifically exempted by statute), Debt Service Funds and Enterprise Funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of budget for the succeeding calendar year on or before August 1.
2. Publication in local newspaper on or before August 5 of the proposed budget and notice of public hearing on the budget.
3. Public hearing on or before August 15, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time. There were no budget amendments for this year.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(f) Budget and Tax Cycle (cont.)

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the statutory basis of accounting in which revenues are recognized when cash is received and expenditures include disbursements, accounts payable and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the District for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year end.

A legal operating budget is not required for capital project funds, fiduciary and permanent funds and the following special revenue funds: Contingency Reserve, Textbook and Student Materials Revolving, Title I, Title II Ed Tech, Title II-A Teacher Quality, Title IV Drug Free Schools, Grants, Gate Receipts and School Projects.

Spending in funds which are not subject to the legal annual operating budget requirements is controlled by federal regulations, other statutes or by the use of internal spending limits established by the governing body.

2. COMPLIANCE WITH KANSAS STATUTES

In violation of K.S.A. 10-1113 and 10-1121, indebtedness in excess of cash balance was created at year end in the KPERs Special Retirement Contribution Fund.

3. DEPOSITS AND INVESTMENTS

K.S.A. 9-1401 establishes the depositories which may be used by the District. The statute requires banks eligible to hold the District's funds have a main or branch bank in the county in which the District is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The District has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the District's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The District has no investment policy that would further limit its investment choices. The rating of the District's investments is noted below, if applicable.

Concentration of credit risk. State statutes place no limit on the amount the District may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

Custodial credit risk. Custodial credit risk is the risk that in the event of bank failure, the District's deposits may not be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka. All deposits were legally secured at June 30, 2010.

3. DEPOSITS AND INVESTMENTS (cont.)

(a) Deposits

At year end, the carrying amount of the District's deposits was \$1,419,762 and the bank balance was \$2,203,216. The bank balance was held by three banks resulting in a concentration of credit risk. The difference between the carrying amount and the bank balance is outstanding checks and deposits in transit. Of the bank balance, \$2,067,772 was covered by federal depository insurance and \$135,444 was covered by pledged securities held under joint custody receipts issued by a third-party bank in the District's name. The third-party bank holding the pledged securities is independent of the pledging bank. The pledged securities are held under a tri-party custodial agreement signed by all three parties: the District, the pledging bank, and the independent third-party bank holding the pledged securities.

(b) Investments

Kansas statutes authorize the District to invest in U.S. Treasury bills and notes, repurchase agreements, and the State Municipal Investment Pool. The District held no investments at year end.

4. LONG-TERM DEBT

Changes in long-term liabilities for the District for the year ended June 30, 2010, were as follows:

Issue	Interest Rate	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Balance End of Year	Interest Paid
	3.95% to								
General Obligation Bonds	4.35%	5-1-06	8,000,000	9-1-24	\$ 7,795,000	\$ -	\$ 285,000	\$ 7,510,000	\$ 319,043
Total Bonded Indebtedness					7,795,000	-	285,000	7,510,000	319,043
Compensated Absences	N/A	N/A	N/A	N/A	27,950	8,056	-	36,006	-
Total Long-Term Debt					\$ 7,822,950	\$ 8,056	\$ 285,000	\$ 7,546,006	\$ 319,043

Current maturities of long-term debt and interest for the next five years and in five year increments through maturity are as follows:

	Year							
	2011	2012	2013	2014	2015	2016-2020	2021-2025	Total
Principal:								
General obligation bonds								
Series 2006	\$ 310,000	\$ 340,000	\$ 365,000	\$ 400,000	\$ 430,000	\$ 2,615,000	\$ 3,050,000	\$ 7,510,000
Total principal	310,000	340,000	365,000	400,000	430,000	2,615,000	3,050,000	7,510,000
Interest:								
General obligation bonds								
Series 2006	306,027	291,809	276,387	259,653	241,496	898,406	287,925	2,561,703
Total interest	306,027	291,809	276,387	259,653	241,496	898,406	287,925	2,561,703
Total principal and interest	\$ 616,027	\$ 631,809	\$ 641,387	\$ 659,653	\$ 671,496	\$ 3,513,406	\$ 3,337,925	\$ 10,071,703

5. INTERFUND TRANSACTIONS

Operating transfers were as follows:

From	To	Statutory Authority	Amount
General Fund	Food Service	K.S.A. 72-6428	\$ 45,000
General Fund	Parent Education	K.S.A. 72-6428	7,508
General Fund	Special Education	K.S.A. 72-6428	862,312
General Fund	Vocational Education	K.S.A. 72-6428	180,355
General Fund	At-Risk	K.S.A. 72-6428	375,000
Supplemental General	Special Education	K.S.A. 72-6433	158,206
Supplemental General	Food Service	K.S.A. 72-6433	25,000

6. PENSION COSTS AND EMPLOYEE BENEFITS

Defined Benefit Pension Plan

Plan Description. The District contributes to Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, *et seq.* KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S. Kansas, Suite 100; Topeka, KS 66603) or by calling 1-888-275-5737.

Funding Policy. K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% of covered salary. Member-employees' contributions are withheld by their employer and paid to KPERS according to the provisions of section 414(h) of the Internal Revenue Code. The State of Kansas is required to contribute the remaining amount necessary to achieve the actuarially determined contribution rate. For fiscal year 2010, the State of Kansas contributed 8.57% of covered payroll. These contribution requirements are established by KPERS and are periodically revised. Kansas' contributions to KPERS for all Kansas public school employees for the years ending June 30, 2010, 2009, and 2008 were \$140,318,394 received as of June 30, 2010, (with the remaining balance of \$108,149,792 received July 9, 2010), \$242,277,363, and \$220,815,154, respectively, equal to the statutory required contributions for each year.

7. COMPLIANCE WITH K.S.A. 72-6417(d) AND K.S.A 72-6434(d)

K.S.A. 72-6417(d) and K.S.A. 72-6434(d) require the school district to record any payment of general state aid that is due to be paid during the month of June and is paid to the school district after June 30, as a receipt for the school year ending on June 30. The following shows the revenue as required by these Statutes.

7. COMPLIANCE WITH K.S.A. 72-6417(d) AND K.S.A 72-6434(d) (cont.)

STATUTORY REVENUES AND EXPENDITURES - STATUTORY AND BUDGET

For the Year Ended June 30, 2010

GENERAL FUND

	Statutory Transactions	Budget	Variance Favorable (Unfavorable)
Statutory Revenues			
General Property Taxes			
Ad Valorem Property			
Prior Year	\$ 15,958	\$ 22,230	\$ (6,272)
Current Year	462,263	439,067	23,196
Delinquent Tax	5,054	7,402	(2,348)
Recreational Vehicle Tax	55	-	55
Flood Control Reservoir	468	-	468
Mineral Production Tax	466	-	466
State Aid	3,166,517	3,428,870	(262,353)
Special Education State Aid	648,202	698,000	(49,798)
Machinery and Equipment State Aid	23	-	23
Federal Aid - ARRA	211,685	211,685	-
Total Statutory Revenues	4,510,691	\$ 4,807,254	\$ (296,563)
Expenditures			
Instruction	1,488,104	\$ 1,539,365	\$ 51,261
Student Support Services	150,020	163,000	12,980
Instructional Support Staff	158,607	167,000	8,393
General Administration	172,041	175,000	2,959
School Administration	360,416	364,500	4,084
Operations & Maintenance	360,162	420,500	60,338
Student Transportation Services	25,169	35,500	10,331
Vehicle Operating Services	154,882	176,000	21,118
Vehicle & Maintenance Services	37,877	35,000	(2,877)
Other Supplemental Service	71,649	73,500	1,851
Community Service Operations	61,589	90,000	28,411
Outgoing Transfers	1,470,175	1,567,890	97,715
Adjustment to Comply with Legal Max	-	(296,563)	(296,563)
Total Expenditures	4,510,691	\$ 4,510,692	\$ 1
Statutory Revenues Over (Under) Expenditures	-		
Modified Unencumbered Cash, July 1, 2009	-		
Modified Unencumbered Cash, June 30, 2010	\$ -		

7. COMPLIANCE WITH K.S.A. 72-6417(d) AND K.S.A 72-6434(d) (cont.)

STATUTORY REVENUES AND EXPENDITURES - STATUTORY AND BUDGET

For the Year Ended June 30, 2010

SUPPLEMENTAL GENERAL FUND

	Statutory Transactions	Budget	Variance Favorable (Unfavorable)
Statutory Revenues			
General Property Taxes			
Ad Valorem Property			
Prior Year	\$ 16,218	\$ 21,914	\$ (5,696)
Current Year	413,153	385,861	27,292
Delinquent Tax	4,843	6,406	(1,563)
Motor Vehicle Tax	52,199	54,400	(2,201)
Recreational Vehicle Tax	1,210	1,255	(45)
Machinery and Equipment State Aid	20	-	20
State Aid	373,019	500,850	(127,831)
Federal Aid ARRA	126,737	-	126,737
Total Statutory Revenues	<u>987,399</u>	<u>\$ 970,686</u>	<u>\$ 16,713</u>
Expenditures			
Instruction	568,343	455,000	(113,343)
Operations & Maintenance	248,452	310,000	61,548
Outgoing Transfers	<u>183,205</u>	<u>235,000</u>	<u>51,795</u>
Total Expenditures	<u>1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ -</u>
Statutory Revenues Over (Under) Expenditures	(12,601)		
Modified Unencumbered Cash, July 1, 2009	<u>29,314</u>		
Modified Unencumbered Cash, June 30, 2010	<u>\$ 16,713</u>		

8. LEAVE POLICIES

Vacation, sick leave and other compensated absences are recorded as expenditures in governmental funds when they are paid.

Employees earn 10 days sick leave each year with a maximum accumulation of 75 days. Any accumulation of sick leave over 75 days is paid to the employee at the rate of \$25.00 per day. Upon retirement after 15 years of employment the employee shall be paid \$25.00 for each day of unused sick leave.

9. CLAIMS AND JUDGMENTS

The District participates in federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. As of August 31, 2010, grant expenditures have not been audited but the District believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the individual governmental funds or the overall financial position of the District.

During the ordinary course of its operations the District is a party to various claims, legal actions and complaints. It is the opinion of the District's management and legal counsel that these matters are not anticipated to have a material impact on the District.

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; employee injuries; and natural disasters. The District has purchased commercial insurance for these potential risks. There have been no significant reductions in insurance coverage from 2009 to 2010, and there were no settlements that exceeded insurance coverage in the past three years.

10. SCHOLARSHIP FUNDS

During the year ended June 30, 1994, the District was named trustee of the H. Dean Pippin Memorial Scholarship Fund. Under the terms of the trust agreement, all contributions to the fund must be maintained as principal. A scholarship(s) of at least 90% of earnings shall be granted at least annually from the income derived from the trust principal during the previous trust year to one or more high school seniors graduating from Marion High School who intend to continue their education with post-high school studies. No contributions were made during the year ended June 30, 2010. The trust has been classified as a permanent fund on Statement 1 with the cash restricted as described above.

During the year ended June 30, 1997, the District was named trustee of the Corey Darrow Memorial Scholarship Fund. Under the terms of the trust agreement, all contributions to the fund must be maintained as principal. A scholarship(s) of at least 90% of earnings shall be granted at least annually from the income derived from the trust principal during the previous trust year to one or more high school seniors graduating from Marion High School who intend to continue their education with post-high school studies. No contributions were made during the year ended June 30, 2010. The trust has been classified as a permanent fund on Statement 1 with the cash restricted as described above.

During the year ended June 30, 1998, the District was named trustee of the Calvin Ray Hett Memorial Scholarship Fund. Under the terms of the trust agreement, all contributions to the fund must be maintained as principal. A scholarship(s) of at least 90% of the net trust income acquired during the previous trust year can be given to a high school senior graduating from Marion High School who intends to continue their education with post-high school studies in agriculture or an agriculture related field. No contributions were made during the year ended June 30, 2010. The trust has been classified as a permanent fund on Statement 1 with the cash restricted as described above.

During the year ended June 30, 1998, the District was named trustee of the Marion High School Alumni Endowed Scholarship Fund. Under the terms of the trust agreement, all funds and property will be held in trust with only the interest used for scholarship aid. The trust shall be perpetual. There shall be a scholarship granted at least annually from the income derived from the trust principal to one or more recipients, as deemed appropriate and advisable by the District. Preference is given to high school seniors who choose to enroll in an accredited school of higher education. No contributions were made during the year ended June 30, 2010. The trust has been classified as a permanent fund on Statement 1 with the cash restricted as described above.

10. SCHOLARSHIP FUNDS (cont.)

During the year ended June 30, 2003, the District was named trustee of the MHS Coaches' Scholarship Fund. Under the terms, the fund is intended to be perpetual. The scholarship is to be awarded to college bound graduating seniors in honor of former Marion High School coaches who have been nominated and met the MHSCSP qualifying criteria. One student/athlete will be nominated by the coaching staff of each individual sport offered at Marion High School. In addition, the Marion High School Athletic Director will nominate one at-large student/athlete that has not been nominated by an individual sport. These individual scholarships shall be in the amount of \$250 per year until all funds are depleted, in addition there will be one \$500 scholarship awarded. Contributions of \$4,100 were made during the year ended June 30, 2010. This fund shall be classified as a private purpose trust fund on Statement 1 with the cash restricted as described above.

During the year ended June 30, 2003, the District was named trustee of the John Leslie and Ada Estelle Fruechting Memorial Scholarship Fund. Under the terms of the trust agreement, all funds will be held in the trust with only the interest used for scholarship aid. The trust shall be perpetual. There shall be a scholarship granted at least annually from the income derived from the trust principal to one or more recipients, as deemed appropriate and advisable by the District. Preference is to be given to high school seniors intending to pursue post-high school studies at a four-year college or university that have shown leadership qualities either in the classroom or school activities. No contributions were made during the year ended June 30, 2010. The trust has been classified as a permanent fund on Statement 1 with the cash restricted as described above.

During the year ended June 30, 2004, the District was named trustee of the Doug Regier Memorial Scholarship Fund. Under the terms of the trust agreement, the fund is intended to have a limited life of four years and shall be terminated after all funds have been disbursed. Funds from the memorial shall be granted to Marion High School seniors intending to pursue post-high school studies/training at a technical school in agriculture, automotive, or a related field of study. There shall be one \$300 scholarship awarded each year for 3 years. On the fourth year, one final scholarship equal to the remaining balance of the memorial fund will be awarded. The first scholarship was made available to the class of 2005. No contributions were made during the year ended June 30, 2010. The trust has been classified as a private purpose trust fund on Statement 1 with the cash restricted as described above.

During the year ended June 30, 2006, the District was named trustee of the Stephen Bowers Memorial Scholarship Fund. Under the terms of the trust agreement, the fund is intended to have a limited life of 5 years, but may extend longer than that if additional funds are received. If the balance in the fund exceeds \$3,000, the committee may award any amount that exceeds \$3,000 in one year. Funds from the memorial shall be granted to Marion High School seniors intending to pursue post-high school studies in agriculture or any trade school. There shall be \$1,000 awarded, but no one applicant may receive more than \$500. No scholarship need be awarded if an acceptable or eligible application is not received. The first scholarship was available for the class of 2006, or a member of the classes of 2003, 2004 or 2005 who had completed study and the funds may be used to pay student loans from those courses. Contributions of \$500 were made during the year ended June 30, 2010. The trust has been classified as a private purpose trust fund on Statement 1 with the cash restricted as described above.

11. OTHER POST EMPLOYMENT BENEFITS

As provided by K.S.A. 12-5040, the District allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the District is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in these financial statements.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the District makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the District under this program.

12. INTERLOCAL AGREEMENT

The City of Marion approved the proposal from U.S.D. #408 for the City to utilize the school districts' indoor swimming pool facility for public and City recreation use, with the City agreeing to pay \$100,000 annually to the U.S.D. #408 for the life of the bonds and also split net expenses each year equally with the school district, to be revaluated in three years.

U.S.D #408, along with the City of Marion entered into an interlocal agreement on October 23, 2006, regarding the cooperative use of facilities, equipment, and personnel. The purpose of the agreement states the parties agree to execute one or more letter agreements that shall become a part of this agreement. The letters of understanding shall address issues relating to sharing facilities and resources controlled or owned by the parties, and may include use of facilities, equipment personnel; access to facilities, equipment, personnel; charges, costs, or fees; site improvements; maintenance responsibilities; duration of use or access; and times and dates of use or access. Letters of understanding in regard to expense sharing were signed December 31, 2008. No other letters of understanding have been signed.

13. SUBSEQUENT EVENTS

Management has evaluated the effects on the financial statements of subsequent events occurring through August 31, 2010 which is the date at which the financial statements were available to be issued.



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JANZEN
HAWK &
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Certified Public Accountants

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Keith S. Janzen, CPA
Kyle J. Hawk, CPA
D. Scot Loyd, CGFM, CPA

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

Board of Education
Unified School District Number 408
Marion, Kansas

We have audited the financial statements of the Unified School District Number 408 as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements and have issued our report thereon dated August 31, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Kansas Municipal Auditing Guide*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting and are listed as reference numbers 10-1 and 10-2. A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the District, in a separate letter dated August 31, 2010.

This report is intended solely for the information and use of management, Board of Education, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Swindoll, Janzen, Hawk & Loyd, LLC

Swindoll Janzen Hawk & Loyd, LLC

August 31, 2010



SWINDOLL
JANZEN
HAWK &
LOYD, LLC

Certified Public Accountants

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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Education
Unified School District Number 408
Marion, Kansas

Compliance

We have audited the compliance of the Unified School District Number 408 with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2010. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements. In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

Management of the Unified School District Number 408 is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, Board of Education, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Swindoll, Janzen, Hawk & Loyd, LLC

Swindoll Janzen Hawk & Loyd, LLC

August 31, 2010

**UNIFIED SCHOOL DISTRICT NUMBER 408
MARION, KANSAS**

OTHER SUPPLEMENTAL INFORMATION

FISCAL YEAR ENDED JUNE 30, 2010

Unified School District Number 408
Marion, Kansas

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2010

<u>Federal Grantor/Pass-Through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Identifying Number</u>	<u>Disbursements/ Expenditures</u>
<u>U.S. Department of Agriculture - Cluster</u>			
Passed Through State Department of Education			
School Breakfast Program	10.553	D0408	\$ 36,773.00
National School Lunch Program	10.555	D0408	<u>118,678.00</u>
Total U.S. Department of Agriculture			<u>155,451.00</u>
<u>U.S. Department of Education</u>			
Rural Education Achievement Program	84.358A	S358A0796690	29,939.00
Rural Education Achievement Program	84.358A	S358A0896690	30,054.00
Passed Through State Department of Education			
Title I Grants to Local Educational Agencies	84.010	D0408	85,484.00
Title II-A Improving Teacher Quality State Grants	84.367	D0408	26,308.00
Title II-D Education Technology State Grants	84.318	D0408	718.00
Title IV - Safe and Drug-Free Schools and Communities State Grants	84.186	D0408	1,887.00
ARRA - State Fiscal Stabilization Fund - Education State Grants, Recovery Act	84.394	D0408	338,422.00
Passed Through ESSDACK			
Carl Perkins	84.048		<u>3,500.00</u>
Total U.S. Department of Education			<u>516,312.00</u>
Total Expenditures of Federal Awards			<u>\$ 671,763.00</u>

Note 1 - Basis of Presentation

The above schedule of expenditures of federal awards includes the federal grant activity of Unified School District Number 408, Marion, Kansas, and is presented using the accounting practices prescribed by the State of Kansas to demonstrate compliance with the cash basis and budget laws of the State of Kansas, the same as the financial statements accompanying this schedule.

**UNIFIED SCHOOL DISTRICT NUMBER 408
MARION, KANSAS**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2010**

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Unified School District Number 408.
2. Significant deficiencies relating to the audit of the financial statements are reported in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of Unified School District Number 408, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies in internal control over major federal award programs were reported in the Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs expressed an unqualified opinion.
6. There were no audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.
7. The programs tested as major programs include:

State Fiscal Stabilization Fund – Education State Grants, Recovery Act	<u>CFDA No.</u> 84.394
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8. The threshold for distinguishing Types A and B program was \$300,000.
9. Unified School District Number 408 was not a low-risk auditee.

B. FINDINGS--FINANCIAL STATEMENTS AUDIT

SIGNIFICANT DEFICIENCY

Number 10-01 Lack of Segregation of Duties

Condition: Appropriate segregation of duties is achieved when one or more employees or functions acts as a check and balance on the activities of another so that no employee should be in a position to both commit an irregularity and conceal it. Due to resource constraints, these conflicting phases of transactions potentially occur throughout your entity at various times throughout the fiscal year. We considered this lack of segregation of duties to be a significant deficiency under standards established by the American Institute of Certified Public Accountants.

Number 10-01**Lack of Segregation of Duties (cont.)**

Criteria: The segregation of incompatible duties means that no employee should be in a position to both commit an irregularity and conceal it. An Elected Official's Guide to Internal Controls and Fraud Prevention states that "ideally, no single individual should be able to:

- a) authorize a transaction;
- b) record the transaction in the books of account; and
- c) ensure custody of the asset resulting from the transaction."

In a smaller entity setting, it is very difficult to maintain ideal segregation of duties. We consider this lack of segregation of duties to be a significant deficiency under standards established by the American Institute of Certified Public Accountants.

Effect: Lack of segregation of duties aids in the possibility that errors and irregularities whether caused by fraud or human error will not be detected.

Cause: Due to the limited staff in the District, segregation of duties has not been possible as required in an ideal internal control structure. At this time, we feel it would be cost prohibitive to increase staff in the District offices sufficiently to rectify this situation. Current office staff and the Board should however, continually review the opportunity to implement segregation of duties that will enhance the internal control structure at a minimal cost to the District.

Recommendation: We recommend that the office staff continually review their procedures for opportunities to increase the segregation of duties in the office as well as the overall internal controls and oversight over the accounting functions in the office. We recommend the Board be aware of the importance of segregating the office duties in order to maintain a good internal control structure that will aid in the prevention and detection of errors and irregularities whether caused by fraud or human error.

Within the constraints of available resources, management should attempt to logically segregate duties among people or processes to mitigate risks and meet their financial reporting objectives.

Number 10-02**Financial Statement Reporting**

Condition: Our firm has been asked to prepare the financial statements for the District; however, our firm cannot be considered part of the internal control structure of the District in regard to the preparation of the financial statements.

Criteria: The District prepares its financial statements in accordance with the accounting practices prescribed by the State of Kansas to demonstrate compliance with the cash basis and budget laws of the State of Kansas, in accordance with the reporting and formatting requirements displayed in the *Kansas Municipal Audit Guide* (KMAG).

Effect: We consider this condition related to external financial statement and other supplemental information preparation to be a significant deficiency under the standards established by the American Institute of Certified Public Accountants.

Cause:

District personnel do have the skill and knowledge to process all the basic financial transactions and the ability to issue the internal financial statements needed to provide appropriate budget and operating information to the District governing body on an as needed basis. However, the District either has no documented policy or procedures related to the preparation of the external financial statements and other supplemental information and/or the policies and procedures are not implemented and adequately followed to ensure the accuracy and completeness of the external financial statements and other supplemental information.

Recommendation:

To strengthen internal control over financial statement preparation, we recommend:

- a) Obtain a current copy of the Kansas Municipal Audit Guide (KMAG);
- b) Obtain a report check list for KMAG financial statements;
- c) Participate in a training session on financial statement preparation and review; and
- d) Adopt a policy that annual financial statements will be reviewed prior to being subjected to audit.

C. FINDINGS AND QUESTIONED COSTS--MAJOR FEDERAL AWARD PROGRAMS AUDIT**U.S. DEPARTMENT OF EDUCATION**

ARRA – State Stabilization Fund – Education State Grants, Recovery Act – CFDA Number 84.394

NONE

**UNIFIED SCHOOL DISTRICT NUMBER 408
MARION, KANSAS**

**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For the Year Ended June 30, 2010**

There were no reportable findings for the year ended June 30, 2009.